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3) Prime Minister's schedule, May 30

NIKKEI (Page 2) (Full)  
May 31, 2009

Spent the morning at his official residence.  
13:45 Visited a Toyo Glass Kawasaki Plant in Kawasaki City.  
14:38 Visited an underground shopping mall in front of JR Kawasaki Station.  
15:48 Visited a model housing of Nippon Oil Corp. in Yokohama.

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17:40 Visited an acupuncturist for treatment in Kita-Aoyama.  
19:10 Talked on the phone with Russian President Medvedev, with Chief Cabinet Secretary Kawamura and deputy chief cabinet secretaries Matsumoto and Asano. Kawamura stayed behind.  
20:02 Dined at a French restaurant in Ginza with his family.  
22:36 Returned to his official residence.

Prime Minister's schedule, May 31

NIKKEI (Page 2) (Full)  
June 1, 2009

07:32 Took a walk around his official residence.  
10:16 Attended a ceremony in commemoration of the 150th anniversary of opening of Yokohama Port at the Pacifico Yokohama.  
11:50 Had lunch at a Japanese restaurant at the Yokohama Royal Park Hotel with Deputy Secretary General Hayashi and Deputy Chief Cabinet Secretary Matsumoto.  
13:04 Visited the Vargula Hilgendorfi Parking Area in Kisarazu, Chiba Prefecture, with Hayashi and Chiba Governor Morita.  
14:27 Arrived at Tokyo Race Track in Fuchu.  
15:40 Enjoyed the 76th Japan Derby with his family. Handed the Prime Minister's Award to the owner of the winning horse in the race.  
17:11 Skimmed through documents at the Imperial Hotel.  
18:04 Arrived at the Thirty One Ice Cream Azabu Shop.  
18:23 Returned to his official residence.

- 4) U.S. delegation to visit Japan, the ROK, China, Russia from today to discuss DPRK sanctions

YOMIURI (Page 2) (Full)  
June 1, 2009

A U.S. government delegation headed by Deputy Secretary of State James Steinberg will visit Japan, South Korea, China, and Russia from June 1 to discuss North Korea's nuclear and missile issues. This will be the highest level DPRK-related delegation that the Obama administration has sent. In addition to maintaining cooperation among the members of the Six-Party Talks, the U.S. wants to confirm a strong response with these countries through the UN Security Council (UNSC) resolution.

According to a source accompanying the mission, members of the delegation consist of officials of the National Security Council and the departments of State, Defense, and Treasury, including Under Secretary of State Michele Flournoy and U.S. government special envoy (for North Korea issues) Stephen Bosworth. They will meet with Japanese Vice Minister of Foreign Affairs Mitoji Yabunaka and other officials on June 1, and meetings with Prime Minister Taro Aso and Foreign Minister Hirofumi Nakasone are also being arranged.

- 5) U.S. delegation: "Military is exerting greater influence in North Korea"

YOMIURI (Page 4) (Full)  
June 1, 2009

The U.S. government has hastily decided to send its delegate, led by Deputy Secretary of State James Steinberg, to Japan, South Korea, China, and Russia starting on June 1. This decision reflects the view growing in the U.S. government that Kim Jong Il's brother-in-law, Jang Sung-taek, and the military authorities are now

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gaining real political power in North Korea and are accelerating moves to turn the nation into a nuclear power. Assuming that North Korea would ratchet up pressure even after the UN Security Council adopts a new resolution denouncing it, the U.S. is willing to discuss the issue with the four countries.

According to a State Department source, the view is gaining ground in the Obama administration that Jang and the military are now responsible for policymaking, although leader Kim is still involved in final policy decisions, despite his deteriorating health conditions.

According to this source, Jang and the military aims to quickly build an arsenal of nuclear weapons and missiles in order to maintain the current regime after gaining political power. To that end, they have changed the conventional game of threats aimed to draw out concessions from the international community. The source speculates that even if the international community slaps strong sanctions on it, there is no guarantee that North Korea will stop its pressure tactics or threats. Bearing this possibility in mind, the U.S. government decided to dispatch the delegation to calm down anxieties in the East Asia region. According to sources who will accompany the delegation, the group will convey to Japan and South Korea the U.S. government's commitment to defending them and taking unified steps against the North with them under any circumstances.

The Obama administration has judged it is also necessary to take individual sanction measures against the North's provocative act after the UNSC take a new resolution. Eyeing the effect of financial sanctions, the delegation is expected to urge China, which has kept close relations with North Korea on the trade and investment fronts, to suspend business and financial transactions with North Korea.

6) Assistant Secretary of Defense Gregson on "action program" for North Korea's abandonment of nuclear weapons

YOMIURI (Page 2) (Full)  
May 31, 2009

Yoshinari Kurose, Singapore

U.S. Assistant Secretary of Defense Wallace Gregson, who is responsible for security issues in Asia and the Pacific, gave an interview to Yomiuri Shimbun on May 30. Gregson disclosed that the Obama administration is sending a delegation consisting of Deputy Secretary of State James Steinberg and other senior U.S. government officials to Japan, China, the ROK, and Russia in light of North Korea's nuclear test to work toward formulating an "action program" to make the DPRK abandon its nuclear weapons.

Gregson revealed that he will also be a member of the delegation. He said that the delegation's visit is not a "tactical move" to apply pressure on North Korea, but is aimed at coordination of views among the Six-Party Talks participants other than the DPRK on developing an outlook for the denuclearization of the Korean peninsula. The United States will not be making any concrete proposals, but will be listening to the views and positions of the other countries.

With regard to China and Russia, Gregson said that, "Judging from the official statements issued by the two governments, they are not happy with North Korea's action." He said he is "hopeful" about China and Russia falling in step with Japan, the U.S., and the ROK

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on applying pressure on North Korea.

7) Japan, U.S. defense chiefs agree, North Korea will not be recognized as a nuclear power; U.S. will retaliate if there is an armed attack

TOKYO SHIMBUN (Top play) (Excerpt)  
May 31, 2009

Singapore, Kyodo

Defense Minister Seiichi Hamada met on the afternoon of May 30 (same time in Japan) with U.S. Defense Secretary Gates in Singapore, where both are visiting. The two defense chiefs agreed on the view that from the standpoint of nonproliferation, North Korea, which has again tested a nuclear weapon, would not be recognized as a nuclear power. In case North Korea launched an armed attack against Japan or South Korea, Gates confirmed that the U.S. would retaliate with an "expanded deterrence." Both agreed to a strengthening of missile defense and other measures.

8) Japanese, U.S. defense ministers voice criticism: "North Korea's action will not go unnoticed"

ASAHI (Page 10) (Full)  
Evening, May 30, 2009

Hiroshi Mochizuki, Hisashi Ishimatsu, Singapore

Japan, the U.S., and other countries voiced criticism against North Korea's development of nuclear weapons at the "Asia Security Summit" (organized by the British International Institute for Strategic Studies and sponsored by Asahi Shimbun and others) being held here on May 30. Secretary of Defense Robert Gates issued a strong warning in his speech: "We will not stand idly by as North Korea builds the capability to wreak destruction on any target in Asia -- or on us."

Gates pointed out that, "North Korea, while dependent on the charity of the international community to alleviate the hunger of its people, has chosen to focus its limited resources on a quest for nuclear weapons and ballistic missiles." He criticized the DPRK for refusing to seek a solution through dialogue, as proposed by the Obama administration, and pressed it to come up with a response: "The choice of whether to continue as an international pariah or take a new path is North Korea's alone to make."

Defense Minister Yasukazu Hamada, who also participated in the Asia Security Summit, discussed North Korea's nuclear experiment in his speech on the same day, voicing the following criticism: "Considering that (North Korea) is also reinforcing its ballistic missile capability, this will seriously undermine the peace and stability of the international community as a whole." He asserted that "the UNSC should adopt a strong resolution promptly and the international community should take unified action to implement the resolution."

Meanwhile, with regard to the security situation in East Asia as a whole, Gates said: "It is essential for the United States and China to find opportunities to cooperate wherever possible," clearly indicating a position of cooperation with China. He refrained from one-sided criticism of the lack of transparency of the PRC's military capability and showed a conciliatory attitude, merely

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stating that, "It is essential that we improve transparency in our strategic goals and military development."

On the other hand, Hamada pointed out that, "Rapid modernization of the armed forces and active military movements, reflecting the continuous economic growth of the major powers, can be observed." He appealed to China and others on the need for transparency in military capabilities and for nuclear disarmament.

9) Japanese, U.S., South Korean defense ministers agree to press North Korea to abandon its nuclear programs, confirm policy direction to take powerful, unified approach

SANKEI (Top play) (Full)

May 31, 2009

Hiroiyuki Miyano, Singapore

Defense Minister Yasukazu Hamada held talks with U.S. Secretary of Defense Robert Gates and South Korean National Defense Minister Lee Sang Hee on the afternoon of May 30 in Singapore. In the session, the three defense ministers confirmed the view that the latest nuclear test and the launch of ballistic missiles by North Korea constitute a clear violation of UN Security Council resolutions and they pose a serious threat to the security of the region and the international community. The meeting was followed by the issuance of a joint statement specifying their determination to take a powerful trilateral approach in order to have North Korea abandon its nuclear and ballistic missile programs and return to the Nuclear Nonproliferation Treaty (NPT) regime. It was the first summit meeting of the defense ministers of Japan, the United States and South Korea.

According to the Japanese side, Secretary Gates emphasized at the outset of the meeting the importance and the significance of the event, while pointing out the fact that they were able to meet immediately after North Korea's second nuclear test. Gates then expressed his view that the United States would seek cooperation not only of Japan and South Korea but also of China and Russia as well, saying: "North Korea's acts are a threat not only to the Korean Peninsula and its neighboring area but also to the international community. We must urge the North to return to the Six-Party Talks (to discuss its nuclear issue) and to denuclearize itself."

Meanwhile, Defense Minister Hamada said: "It is necessary for the three countries to act in concert with each other, cooperate with the international community, including China and Russia, and to take a resolute stance. That will contribute to the peace and stability of Northeast Asia." South Korean National Defense Minister Lee Noted: "The three countries' goals are the denuclearization of the Korean Peninsula and the nonproliferation of (weapons of mass destruction). China's cooperation is indispensable."

After the meeting, Hamada made the following comment to the press on the night of May 30 about a sanctions resolution on North Korea, "Japan will work upon China and Russia (to obtain their support) for a resolution in the end."

Ahead of the trilateral meeting, Hamada separately met with Gates at which time Gates strongly warned against North Korea's provocative acts, saying: "The United States does not acknowledge North Korea as a nuclear state. We must put a stop to its game." He then announced

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his plan to bolster (U.S.) deterrents for Japan and South Korea, including a missile defense (MD) system.

10) Japanese, Russian leaders agree on need for UNSC resolution to include sanctions against North Korea for nuclear test

SANKEI (Page 2) (Full)  
May 31, 2009

Prime Minister Taro Aso and Russian President Dmitry Medvedev agreed in their telephone conversation last night that the UN Security Council should adopt a strong resolution including sanctions against North Korea for its latest nuclear test.

Aso made the phone call at his official residence in the presence of Chief Cabinet Secretary Takeo Kawamura. According to Kawamura, in response to Aso remarking: "The two nuclear tests (conducted by North Korea) are impermissible," Medvedev said: "It is necessary to take proper steps."

Specific measures, such as imposing mandatory cargo inspections onboard ships as proposed by Japan and the U.S., were not taken up, Kawamura said.

The two leaders also agreed to discuss the Northern Territorial issue on the occasion of the G-8 Summit in Italy in July.

Meanwhile, speaking before reporters in Yokohama yesterday afternoon, Aso referred to the circulating information that there were signs of North Korea's preparations for firing another long-range ballistic missile. He said in an attempt to apply pressure to the North: "The question is how North Korea will take the message being sent by the international community. I hope the North will correctly interpret the message that is important for it to get along with the international community in the future."

11) North Korea will not ease its hard-line stance, perhaps seeking to consolidate domestic front in establishing regime for successor

NIKKEI (Page 2) (Abridged)  
June 1, 2009

North Korea will just not loosen up its hard-line stance. Pyongyang, while casting its glance at the United Nations Security Council that is moving to adopt a resolution denouncing it for a second nuclear test, has decided to prepare to launch another long-range ballistic missile. In ratcheting up the pace of its hard-line policy, North Korea seems to be intent on tightening up internal controls quickly as its ushers in a successor regime. Among concerned countries, there are growing calls stating their expectations of the U.S. to restart a dialogue by dispatching a special envoy, linking such to the release of American journalists now held in custody in North Korea.

Possibility of another launch in mid-June

On May 31, a Republic of Korea responsible government official told the press: "(The DPRK) has halted launches of short-range missiles and is placing its main efforts now on preparing to launch a long-range ballistic missile."

A North Korea Foreign Ministry spokesperson on May 29 hinted at a  
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long-range missile launch, calling such an "unavoidable self-defense measure." Since it takes about two weeks for preparations, the speculation is that the launch will happen in mid-June.

Possibility of the North trying to trump the UNSC

North Korea seems to use its "crisis card" as a means to shake up the United States and create an atmosphere for direct negotiations with that country. But there are new factors that have appeared. First, the ailing General Secretary Kim Jong Il seeks to tighten internal controls, aiming at creating a successor regime. There have been reports of public protests over food shortages that the police have had to put down. A Korea watcher observed, "The General Secretary needs hurriedly build up his accomplishments in order to inspire the loyalty of the military."

In making moves that indicates it is resolved to being isolated in the international community, North Korea cannot hide its intentions of checking the United Nations Security Council, which is considering adopting tough sanctions. There also a view that the short-range missile launch coming soon after the nuclear test shows that Pyongyang is alarmed about one of the sanctions, cargo searches of ships on the high seas.

International community reaches cul-de-sac

If North Korea goes ahead and launches a long-range ballistic missile, even after the UNSC adopts a resolution denouncing its nuclear test, the situation of the moves of North Korea and the international community being in an endless spiral may appear. The reality is that with North Korea has announced it would not participate any longer in the Six-Party Talks on the nuclear problem and that it had no intention to return.

In that context, the initial focus was on sending a special U.S. envoy. North Korea in mid-March placed into custody two American female journalists near its border with China and plans to try them on June 4. The founder of the television network where the two

journalists worked and former Vice President Gore were considering a response that included their own journey to North Korea. There is strong speculation that North Korea, too, might be using this in searching for a way to negotiate with the U.S. There is rising expectation among concerned countries, as well, that an influential person within the Obama administration might be sent as a special envoy.

12) N. Korea likely to launch missile in a month or two: Defense Ministry

SANKEI (Page 1) (Abridged)  
June 1, 2009

North Korea is now preparing to launch another long-range ballistic missile. Concerning this move, the Defense Ministry, based on its analysis, predicts that the missile could be launched in a month or two, sources revealed yesterday. In addition, the Defense Ministry is also paying close attention to whether the missile will be launched from Musudanri in the country's northeastern province of North Hamkyong or Tongchangri in its northwestern province of North Pyongan. Some also presume that North Korea will simultaneously launch a 'Rodong' intermediate-range ballistic missile that has a range of 1,300 kilometers. The Defense Ministry will consider

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readying the Self-Defense Forces to intercept such missiles as it did this April when the North launched a missile.

The North Korean missile that was launched this April was a Taepodong 2, a long-range ballistic missile with a range of 6,000 kilometers. North Korea is believed to be preparing to launch a Taepodong 2 missile this time as well or a more advanced type with a range of more than 10,000 kilometers. The Japanese government also confirmed that some missile components were loaded onto a freight train at a munitions factory near Pyongyang.

The missile launched this April was also transported on a train from that factory to Musudanri between late January and early February. A missile can be launched in two weeks or so, but the sources presume that the next missile launch is highly likely to be in a month or two. Pyongyang will presumably be making cautious preparations for another missile launch while watching the United Nations Security Council's discussions over a new resolution of sanctions against North Korea and the tone of public opinion in the international community.

The long-range ballistic missiles launched in July 2006 and in April this year used the Musudanri facility. However, North Korea is now building another facility at Tongchangri that is larger than the one at Musudanri. Some predicted that the new facility would test-fire a missile within the year.

13) Bilateral coordination in urgent need with DPRK missile launch near

SANKEI (Page 2) (Abridged)  
June 1, 2009

Concerning North Korea's ongoing preparations for launching another long-range ballistic missile, the Defense Ministry presumes that North Korea's missile launch would be "inevitable." This is because the Defense Ministry judges that North Korean Workers Party General Secretary Kim Jong Il is aiming to make his successor look more important with North Korea's advanced missile capability. Some in the Defense Ministry fear that North Korea may launch a Rodong missile at the same time. There is a limit to the Self-Defense Forces' interception since the SDF has yet to build up its missile defense system and still remains to cover even big cities. When North Korea launched a ballistic missile in April, the U.S. military did not ready itself to intercept it. It is urgently necessary for Japan to coordinate with U.S. forces.

In May, North Korea conducted a nuclear test. Its tremor was stronger than that of its first nuclear test in 2006. Judging from this, North Korea seems to have improved its nuclear technology. The



ballistic missile launched this April flew more than 3,000 kilometers and made remarkable advancement when compared with the Taepodong 1 that flew 1,600 kilometers in its 1998 launch and also when compared with the Taepodong 2 that fell soon after its launch.

Concerning the ballistic missile now being prepared, a senior official of the Defense Ministry says North Korea would improve its technology to separate boosters. An SDF staff officer also presumes that North Korea could launch all these three missiles in an aim to increase its threat to Japan, which means that North Korea may launch a long-range ballistic missile, a Rodong missile, and a Scud missile.

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In 2006, North Korea launched a Taepodong 2 missile from Musudanri and also launched a total of six Rodong and Scud missiles from Kitairi in its southeastern province of Kangwon. At that time, the Rodong and Scud missiles were carried on vehicles with launchers. Neither Japan nor the United States could catch any signs of their launches.

This April, the SDF deployed Aegis-equipped vessels in the Sea of Japan and Patriot Advanced Capability 3 (PAC-3) ground-to-air guided missiles in the metropolitan area for the first time to intercept North Korean ballistic missiles. However, should a Rodong missile be also launched at Japan, it will be indispensable for the SDF to team up with the U.S. Navy's Aegis ships to shoot it down.

14) U.S. Assistant Secretary of Defense: If Japan were to decide to possess the capability of striking enemy bases, the U.S. would support it

ASAHI (Page 2) (Full)  
May 31, 2009

Yoichi Kato in Singapore

Assistant Secretary of Defense for Asia-Pacific Security Affairs Wallace Gregson on May 30 responded to an interview request from the Asahi Shimbun, his first since being appointed. He expressed his thinking about Japan possessing the capability of striking enemy bases, which is being debated in Japan, saying, "If Japan were to so decide, the United States naturally would support it to the best of our ability."

Gregson stated, "We don't intend to give any orders to Japan as to how it should set its defense policy." He took a stance of understanding that the role sharing that up until now had Japan as the shield and the U.S. as the lance might change.

He also expressed his outlook about the plan to relocate the Marines' Futenma Air Station, saying, "I don't think that we have yet reached an impasse." He indicated, "I know there is dissatisfaction on both the U.S. and Japanese sides, and stressed that "the plan should not be altered."

On the issue of procurement of the state-of-the-art F-22 fighter that Japan has requested, he pointed out that export was prohibited by law. He said, "I suggest that the F-35, which is even newer and an exportable model be considered."

15) Calls growing in LDP and defense industry for relaxing three arms-export rules for fear of technology delay

ASAHI (Page 4) (Abridged)  
May 30, 2009

Voices calling for the easing of the country's three principles banning weapons exports are growing stronger in the Liberal Democratic Party (LDP) and other parties. Given the global common practice of multilaterally developing high-performance weaponry, many are highly concerned that if restrictions continue, Japan will lag behind in advanced technology. The three principles have been upheld as a symbol of Japan as a peace-loving country. Whether the government will decide to ease them in its new National Defense

Program Guidelines (NDPG) remains unclear.

The LDP's defense policy subcommittee approved on May 26 a set of proposals in outline that is designed to allow the country to proceed with R&D with countries other than the United States and to relax the definition of weapons. At a meeting with the government on security and defense capabilities, many stressed the need for Japan to be able to take part in international networks in which many countries contribute technologies of specific fields in which they excel to produce a fighter jet at low cost.

The three principles banning weapons exports have been relaxed as an exception from the perspective of advancing defense cooperation with the United States. In 1983, the then Nakasone administration allowed the provision of weapons technology to the United States as an exceptional case. In 2004, the then Koizumi administration indicated that the joint development and production of a ballistic missile defense (BMD) system were not subject to the three principles.

Further, growing calls for relaxed rules have resulted in part from the government's futile effort to determine its next-generation mainstay fighter jet (FX). The United States' state-of-the-art stealth fighter F-22 Raptor used to be a leading candidate for the FX, but Japan was informed by the U.S. government that "exporting the fighter was difficult" based on the wishes of Congress which was concerned about a possible outflow of military technology. A former defense minister said, "If our country had eased the three rules and engaged in joint development of the F-22, this situation would not have occurred."

Japan's defense spending is on the decline due to severe financial conditions. The procurement of main defense equipment is shrinking. The sense of crisis is strong in the defense industry, which only has the Self-Defense Forces (SDF) as a client. According to the Defense Ministry, many companies, mostly small and medium-sized enterprises, have been withdrawing from the defense sector.

Advanced military technology can be converted for civilian use. Allowing weapons exports would lead to mass production and low costs, helping to maintain the defense industry in the country. The Defense Ministry holds a positive view about relaxing the rules.

New Komeito wary about relaxing the rules

A sense of caution is strong in the New Komeito about relaxing the three principles. The party's policy chief indicated that such a step might result in expanded exports of arms. He said, "There is no reason to change the current guidelines of prohibiting weapons exports in principle and of deciding on whether or not to allow exports on a case-by-case basis in light of the nation's strictly defense-oriented policy."

A Prime Minister's Official Residence (Kantei) source said, "We have yet to come up with any direction." At the same time, the source also indicated that Prime Minister Aso from before taking office has felt the need to relax the three rules in terms of cost.

16) MSDF patrols arrive in Djibouti

TOKYO SHIMBUN (Page 2) (Abridged)  
June 1, 2009

Kyodo, Djibouti

Two Maritime Self-Defense Force P-3C patrol planes arrived at an airport in Djibouti, a neighbor of Somalia, on the morning of May 31 (or on the afternoon of the same day, Japan time), with an air crew of 36. The P-3Cs will be based at the airport to be tasked with engaging in the security of Japanese commercial ships and Japan-linked ships against pirates in waters off Somalia under the Self-Defense Forces Law. This is the first overseas dispatch of

P-3Cs on an actual mission. The P-3Cs, after training, will start warning activities by mid-June over the Gulf of Aden off Somalia.

17) Diet session to be extended until late July

ASAHI (Page 1) (Slightly abridged)  
July 1, 2009

The current Diet session, which is due to recess on June 3, is likely to be extended for about 50 days until late July. The ruling coalition decided on May 29 to extend the session for more than 60 days up until early August to ensure the passage of extra budget-related bills. But the coalition has decided to shorten the period of extension, reflecting Prime Minister Aso's unwillingness to create an atmosphere of putting off the dissolution of the House of Representatives for a general election. This plan will be formally adopted in a meeting of the leaders of the Liberal Democratic Party and the New Komeito today.

Many lawmakers anticipate that the general election would take place on Aug. 9. But when the decision to extend the session until early August was made, some ruling party members took the view that the date of the general election would be set for August 30. In this case, the impression that the prime minister has been driven in a corner might be given, and eventually, he might lose his grip on the coalition parties. In addition, it is unpredictable what approach the Democratic Party of Japan (DPJ) would take, so the Prime Minister's Office gave priority to grabbing the leadership in deciding the date for Diet dissolution over securing more than 60 days.

Even so, it is stipulated that a general election be carry out within 40 days after Diet dissolution. In the case of the Lower House dissolved during the current Diet session, if the session is extended until late July, the possibility of an election on Aug. 30 will be left as an option. A senior member of the New Komeito, which does not want to see the election immediately after the Tokyo metropolitan assembly election on July 12, also said: "It is better to include the possibility of Aug. 30 as the voting date in the options."

18) Power struggle below surface in DPJ; Okada gaining political presence in the party

NIKKEI (Page 2) (Full)  
June 1, 2009

With an eye on a change in government, a power struggle is going on below the surface in the main opposition Democratic Party of Japan (DPJ). One of the reasons is that the power matrix in the DPJ has become more fluid since most forces in the party have let their members cast their votes on their own in the presidential election. There still remains confrontation between the pro- and anti-Ozawa forces in the party. The main groups in the DPJ are now trying to

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let junior and mid-level members join. In contrast to the policy of building a unified party arrangement advocated by the DPJ leadership led by President Yukio Hatoyama, there is a possibility that a power struggle in the DPJ will end up bringing about political realignment.

Hatoyama delivered a speech yesterday in Kumagaya City, Saitama Prefecture, to give support for a candidate to run for the next House of Representatives election. In it, he said: "With harmonious party unanimity, we will put our all energy into taking the reins of government." However, the power matrix in the DPJ is now gradually changing after the party leadership race.

DPJ Secretary General Katsuya Okada is gaining political presence in the party. In the election, Okada obtained wide-ranging support from members belonging to the groups led by Vice President Seiji Maehara, by Deputy Secretary General Yoshihiko Noda, and by Deputy President Naoto Kan.

Okada will hold a meeting on June 2 of the vice presidents, which

was not done under the previous leadership. The vice presidential posts are assumed by such heavyweights in the DPJ groups as Maehara and Tatsuo Kawabata, who backed Okada in the presidential race; and Hajime Ishii, who is close to Deputy President Ichiro Ozawa. Okada aims to avoid creating discord in the party. He also seems to be motivated to use it as a decision-making place.

Contrary to Okada, Kan, who forwent running in the presidential race, is now losing power. He has kept silent about who he voted for. "The leader of the group has not revealed whom he voted for. The leader will lose influence over his group," said a senior member of the Hatoyama group. Kan has been retained in the executive, but Vice President Maehara is not an executive member.

With a generational change in mind, Kozo Watanabe, a supreme adviser to the DPJ, now often mentions the names of Akira Nagatsuma and Goshi Hosono, who are now serving in their third term in the Diet, and Sumio Mabushi, who is serving in a second term. Watanabe met with Nagatsuma a day after the inauguration of the new DPJ leadership. He gave words of encouragement to Nagatsuma, saying: "You will be in an age (to lead the party)." The confrontation between the pro- and anti-Ozawa forces, which became clear in the presidential election, has created even more fluidity in the DPJ. During the presidential campaign, aides to Ozawa, who backed Hatoyama in the election, made efforts to peel off mid-level members of the Okada camp.

The Ozawa group has the largest membership of about 50. Most of them are lawmakers who were elected first or second time to the Diet. A lawmaker close to Ozawa said: "It is important for us to remain in the largest group in the party by slicing down other groups as many lawmakers as possible." Some members are critical about such moves as a model of the former Keiseikai (former largest faction in the ruling Liberal Democratic Party (LDP)), which often took advantage of its numerical power. The non-Ozawa groups are concerned that unless they win new candidates in their side, the Ozawa group will have 100 members after the next Lower House election.

The paradigm of confrontation over Ozawa might create political realignment after the Lower House election. A mid-level lawmaker pointed out: "Whether forces that may leave from the LDP will join hands with Ozawa or with the non-Ozawa camp might become a critical

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issue."

19) Unemployment rate in April hits 5.0 PERCENT : Ratio of job offers to seekers falls to lowest ever at 0.41; Employment plunges to alarming level

SANKEI (Page 11) (Full)  
May 30, 2009

The Internal Ministry on May 29 released that the unemployment rate for the month of April hit 5.0 PERCENT , down 0.2 points from the previous month's level. This is the first time for such a ratio to mark the 5 PERCENT level since November 2003. The job-offers-to-seekers ratio for April, released on the same day by the Ministry of Health, Labor and Welfare, hit a new low of 0.46, falling 0.06 points from the preceding month's level. Though the prevailing view is that the economy has climbed out of its worst phase, the employment situation has apparently entered an alarming level. Amid falling demand, companies are pressing ahead with employment adjustments, including payroll cuts and hiring curbs. Unabated signs of a decline in unemployment rates, the greatest obstacle to economic recovery, are still in sight.

Meeting the press after a cabinet meeting on the 29th, Kaoru Yosano, who is in charge of economic and fiscal policy as well as financial services, said with his face darkening, "Unfortunately, this is the reality." He has been claiming that major employment adjustments would work as a factor of the depressed economy. His concern has proved right. Various economic statistics were released on the 29th. The industrial production index topped the previous month's level for the second month in a row, indicating a rosy prospect. However, it was canceled out by employment-related indexes.

The employment rate is worsening at an unprecedented pace, declining 0.9 points over the past three months, according to the Internal Affairs Ministry. The reason for this is that companies have pressed ahead with employment and production adjustments at an unprecedented speed. Domestic manufacturers have drastically slashed jobs of mainly non-regular workers, such as dispatched employees, since last fall. Though there are moves to slow production cuts, the capacity operation rate remains low due to sluggish consumption. Companies are rushing to cut costs to improve income and profits. As a result, the waves of job cuts are spreading to permanent workers.

Nobuyuki Oneta, supreme financial officer of Sony, said, "Personnel cuts stemming from scrap-and-build reorganization will continue." The company reached its target for slashing by March workforces totaling 16,000, of whom 8,000 are permanent workers, at home and abroad through early retirement and other forms. The company has also decided to end production at four domestic plants this fiscal year, preparing to further trim workforces.

Mitsubishi Fuso Truck and Bus Corporation will cut 2,300 permanent workers, or about 15 PERCENT of the total employees of the group, by the end of next year. President-designate Albert Kirchmann is increasingly alarmed about the situation, saying, "We must swiftly cope with the changing market." The NSG Group has put a new hiring plan on ice. It will also reduce another 2,200 nonpermanent workers by the end of next March. The number of job cuts, including workers for whom job contracts have already been terminated, reaches approximately 6,700 or 17 PERCENT of all employees.

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In fact, the active opening ratio for permanent workers in the statistics released on the 29th fell to 0.27, down 0.27 points from the same month in the preceding year, marking the worst-ever dip since the government starting taking statistics in November 2004. This figure means that there is only one job available for four job seekers. New openings, which are regarded as a leading indicator, have dropped 26.5 PERCENT, marking the 28th straight month of decline. There are no signs of improvement. There is a pessimistic projection among market participants that the unemployment rate will reach 6 PERCENT next year, as a private-sector economist noted.

The National Consumer Price Index (CPI) in April, released the same day, dropped 0.1 PERCENT in general terms excluding perishables, marking the second month-to-month drop. The Japanese economy is on the brink of a deflationary spiral of employment anxieties followed by sluggish consumption, strengthening the pressure of falling prices.

ZUMWALT